



# Medicaid Overview

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## What is Medicaid?

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- ❖ Title XIX of the Social Security Act
- ❖ Provides medical coverage to eligible individuals
- ❖ Jointly funded by federal government and participating states
- ❖ Administered by states with federal oversight
- ❖ Voluntary, but if a state chooses to participate, it must follow federal rules
- ❖ Entitlement program = states cannot limit enrollment
  - Guaranteed coverage for eligible services to eligible persons
  - Open-ended federal funding based on actual costs to provide eligible services to eligible persons
- ❖ Subject to federal law and regulation:
  - Requires coverage of certain populations & services
  - Allows states to cover additional populations & services



## Who Does TX Medicaid Serve?

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### ❖ Texas Medicaid serves:

Low-income families	People ages 65 and older
Non-disabled children	Pregnant women
Related caretakers of dependent children	People with disabilities

### ❖ Eligibility criteria includes:

- U.S. Citizens or qualified aliens who are legally admitted for permanent residency
- Texas residency
- Income and resource limits

### ❖ Texas Medicaid does not currently serve:

- Non-disabled, childless adults under the age of 65



# Who Does TX Medicaid Serve?

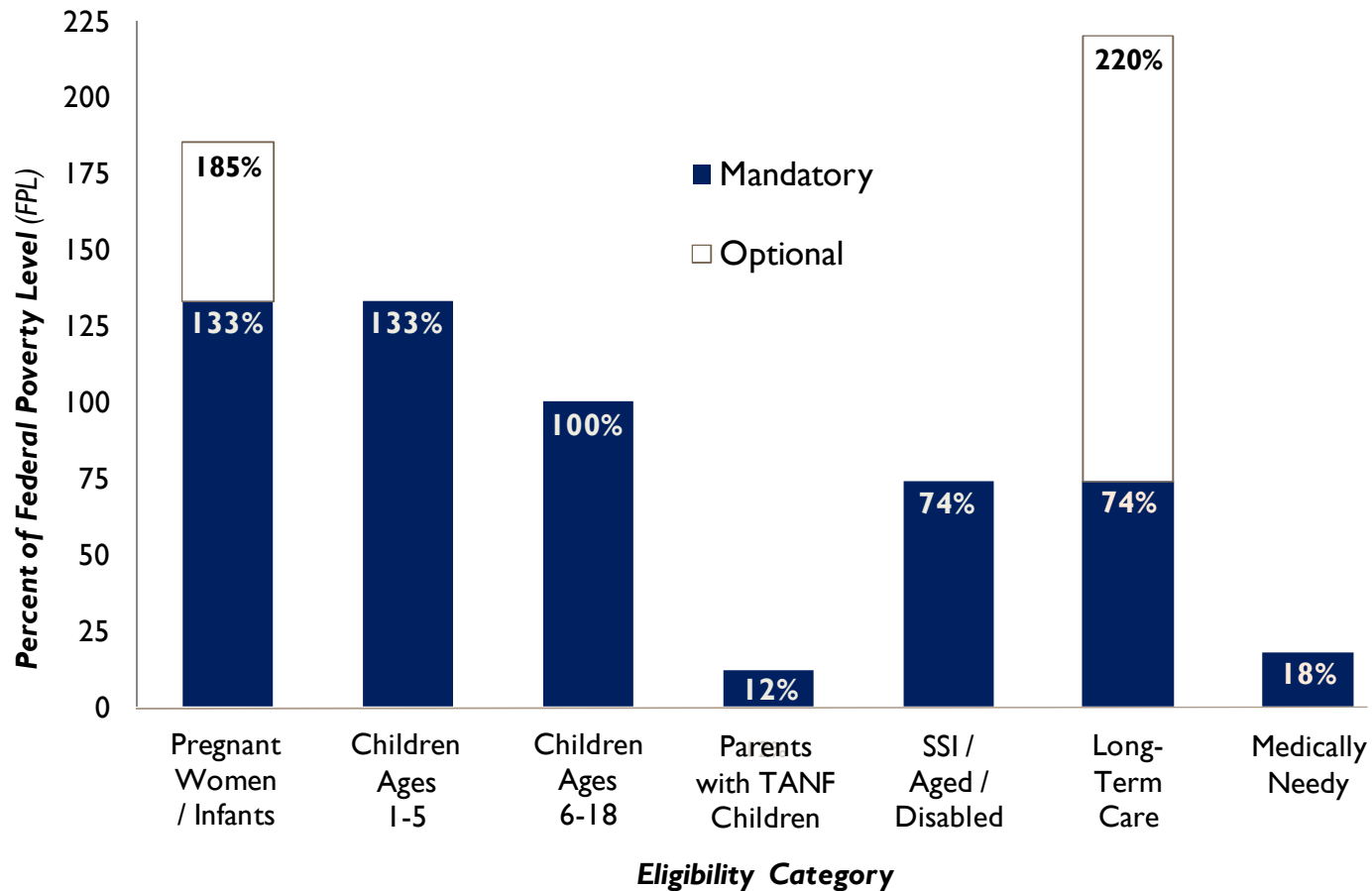
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- ❖ The federal government requires that people who meet certain criteria be eligible for Medicaid.
  - These are “mandatory” and all state Medicaid programs must include these populations.
- ❖ The federal government also allows states to cover additional individuals. These are “optional” Medicaid eligibles.
  - Texas covers some “optional” populations.
- ❖ Eligibility based on Federal Poverty Level (FPL)
  - Compared to family’s income level
  - Intended to identify the minimum amount of income a family would need to meet certain, very basic, family needs
  - Indicate annual income levels by family size and are updated each by 4 the US Department of Health and Human Services



# Who Does TX Medicaid Serve?

TEXAS MEDICAID INCOME ELIGIBILITY LEVELS  
FOR SELECTED PROGRAMS, October 2010



Source: Strategic Decision Support, Texas Health and Human Services Commission.



## Who are *Frew* Class Members?

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- ❖ Frew class members are a subset of the larger Medicaid population
  - “Such class shall consist of all present and future Texas Medicaid recipients who are under the age of 21 and therefore are eligible for EPSDT [Early and Periodic Screening, Diagnostic and Treatment] services...” Dkt. No. 71.



# Medicaid: Compared to Medicare & CHIP

## Medicaid

❖ Title XIX of Social Security Act

❖ Entitlement program

❖ Jointly Funded

- Federal government
- State governments

❖ Administered by states

❖ Eligibility

- Income based

## ❖ Medicare

❖ Title XVII of Social Security Act

❖ Entitlement program

❖ Federally funded

❖ Federally administered

❖ Eligibility

- Not income based

## ❖ Children's Health Insurance Program (CHIP)

❖ Title XXI of Social Security Act

❖ Not entitlement program. States can set age & eligibility, cap enrollment, and limit service benefits.

❖ Jointly funded

- Federal government
- State governments

❖ Administered by states

❖ Eligibility

- Family income too high to qualify for Medicaid
- Cannot afford to buy private insurance



## Medicaid: CMS Oversight

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- ❖ Participating states are responsible for operating their individual Medicaid programs
  - Each state must submit a State Plan to the Centers for Medicare and Medicaid Services (CMS) for review and approval
- ❖ Federal government (CMS) has oversight authority over states' Medicaid programs and must:
  - Approve each state's Medicaid State Plan
  - Issue regulations to codify policies based on provisions of the Social Security Act
  - Approve any State Plan Amendments submitted by states
  - Approve any waivers for which states apply





## Medicaid: State Plan

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- ❖ State Plan = a Medicaid-participating state's agreement with federal government on:
  - Administration
  - Eligibility
  - Coverage of services
  - Beneficiary protections
  - Reimbursement methodologies
- ❖ **CMS approval secures federal financial participation (FFP) for Texas Medicaid program**



## State Plan Amendments

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- ❖ State Plan Amendment (SPA) = state request for CMS approval to change:
  - Optional services provided, or
  - Manner in which benefits are offered
  - Include changes in reimbursement methodology, or
  - Updates to fee schedule for a Medicaid service



## Medicaid State Plan: Waivers

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- ❖ Waiver = state request to CMS for permission to deviate from certain requirements of Medicaid Act, often to:
  - Provide services beyond those in state plan
  - Limit geographical areas
  - Limit free choice of providers
  - Implement innovative new service delivery and management models



## Medicaid: Federal Funding

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- ❖ The portion of total Medicaid costs paid by the federal government is referred to as Federal Medical Assistance Percentage (FMAP)
- ❖ FMAP is based on average state per capita income compared to the U.S. average
  - Texas FMAP for FFY 2011: 60.56
    - Of each dollar spent on Medicaid services in Texas, the federal government paid approximately 61 cents
  - Texas FMAP for FFY 2012: 58.42
    - Shifted approximately 2 percentage points of Medicaid funding from the federal government to Texas
  - Due to size of Texas Medicaid program, even small changes in the FMAP can result in federal funding fluctuations worth millions of dollars



## Medicaid: State Funding

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- ❖ To cover the state portion of Medicaid costs, HHSC and DSHS must submit Legislative Appropriations Requests (LARs) for their projected budgets each biennium
- ❖ Texas Legislative Budget Board (LBB) prepares general appropriations bill draft, based on submitted LARS
  - Proposed bill includes amount of funding recommended by LBB, which does not necessarily match amounts requested by HHSC and DSHS
- ❖ After final appropriations bill is passed and signed by governor, it is implemented over the next two years
  - HHSC is funded by the Texas Legislature by way of a biennial General Appropriations Act (GAA)<sup>1</sup>
  - Texas Constitution prohibits one legislature from binding the next by appropriating funds for longer than two years

<sup>1</sup>For instance, the GAA for the 2012-13 biennium was House Bill 1 of the 2011 (82nd) Texas Legislature, and Article II appropriated operational funds to HHSC as specified in the Act.



# HHSC: Single State Medicaid Agency

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- ❖ Texas Health and Human Services Commission (HHSC) operates as single state agency responsible for Medicaid:
  - Primary point of contact with federal government
  - Establishes policy directions for Medicaid program
  - Administers Medicaid State Plan
  - Operates state's acute care, vendor drug, and managed care programs
  - Determines Medicaid Eligibility
  - Approves Medicaid policies, rules and reimbursement rates
  - Organizes and coordinates initiatives to maximize federal funding
  - Administers Medical Care Advisory Committee (MCAC), which reviews and makes recommendations to State Medicaid Director on proposed Medicaid rules
  - Contracts with state departments to carry out certain Medicaid program operations



## Medicaid: Role of DSHS

- ❖ HHSC delegates some day-to-day operations of the Medicaid program to other state agencies (operating departments), including:
  - Department of State Health Services (DSHS)
  - Department of Aging and Disability Services (DADS)
  - Department of Assistive and Rehabilitative Services (DARS)
- ❖ DSHS (co-defendant in *Frew* lawsuit) administers the following *Frew*-related functions:
  - Case Management for Pregnant Women and Children
  - Texas Health Steps
    - Policy development
    - Monitoring of outreach and informing activities performed by state contractors
    - Website content management
    - Technical assistance and training to Texas Health Steps providers



## EPSDT: Program History & Milestones

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- ❖ Title XIX of the Social Security Act (the Medicaid Act) was amended in 1967 to mandate Early and Periodic Screening, Diagnostic and Treatment (EPSDT) services for Medicaid-eligible children birth through 20 years of age
- ❖ Omnibus Budget Reconciliation Act of 1989 expanded EPSDT coverage
  - Medicaid-covered children under age 21 are eligible for any medically necessary and appropriate health care service that is covered by Medicaid, even if the service is not available under the state's Medicaid plan to the rest of the Medicaid population.





# TX Medicaid: Service Delivery Models Described in Decree

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- ❖ Fee for Service (FFS)/Traditional Medicaid:
    - Individuals can choose any provider
    - Providers receive a payment for each unit of service they provide
  - ❖ Medicaid Managed Care Models (MCO and PCCM):
  - ❖ Managed Care Organizations (MCOs)
    - Capitated fee model
    - Each MCO is paid a flat fee by the state for each person enrolled to deliver and manage patients' health services
  - ❖ Primary Care Case Management (PCCM) – As of March 1, 2012, no longer exists
    - Each PCCM participant has a primary care provider (PCP) who provides preventative and primary care services and referrals to needed specialty care
    - PCPs are paid a monthly fee to arrange referrals
    - PCPs are also paid a fee for services they provide (check-ups, diagnosis, treatment)



# Texas Medicaid: Delivery Models in 1993 and 2012

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- ❖ In 1993, when *Frew* lawsuit was filed:
  - Most Medicaid services were delivered through a Fee for Service model.
  - Medicaid managed care program was being piloted in one county, at direction of State Legislature
- ❖ In 2012, at direction of State Legislature, Medicaid medical managed care programs expanded throughout Texas



# Texas Medicaid: Managed Care Delivery Models for Medical and Behavioral Health

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## ❖ STAR (State of Texas Access Reform)

- provides preventative, primary, and acute care covered services to non-disabled children, low-income families, and pregnant women

## ❖ STAR+PLUS

- provides integrated acute and long-term services and supports to people with disabilities and people over age 65

## ❖ NorthSTAR

- provides behavioral health services to individuals in a multi-county area in and around Dallas

## ❖ STAR Health

- provides coordinated health services to children and youth in foster care and kinship care



# Texas Medicaid: Managed Care Expansion

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As of March 1, 2012, Medicaid medical managed care programs have expanded throughout Texas

- STAR expanded statewide
- STAR+PLUS expanded to new service areas
- Pharmacy benefit carved into services delivered by Medicaid managed care
- Medicaid dental program transitioned to a statewide managed care delivery model



## Texas Medicaid: Dental Managed Care

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- ❖ As of March 1, 2012, dental care is provided through one of three statewide dental managed care plans:
  - Delta Dental Insurance Company
  - DentaQuest USA Insurance Company, Inc.
  - MCNA Insurance Company.
- ❖ Each *Frew* class member will have a choice of dental plans and a main dentist to serve as a dental home.



## Early and Periodic Screening, Diagnosis and Treatment (EPSDT)

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- ❖ Medical and dental prevention and treatment services for Medicaid-eligible children birth through age 20
- ❖ In Texas, known as Texas Health Steps (THSteps)
  - ¶15 of the *Frew* Consent Decree required Defendants to change name of EPSDT program to reflect its goals and be readily identified by its recipients
- ❖ Foundation of THSteps is the health checkup:
  - Prevents disease
  - Detects medical and dental problems early
  - Initiates timely treatment



# EPSDT: Services & Requirements

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## ❖ Required Check-Ups/Screening Services

- Comprehensive health and development history
- Comprehensive unclothed physical exam
- Appropriate immunizations
- Laboratory tests, including mandatory lead screening
- Vision, hearing, and dental screening
- Health education and anticipatory guidance

## ❖ Required Diagnosis and Treatment Services

- Diagnosis and treatment services
- Vision, hearing and dental services
- Any “other necessary health care, diagnostic services, treatment and other measures... to correct or ameliorate defects, and physical and mental illnesses and conditions discovered...” (42. U.S.C. § 1396d (r)).

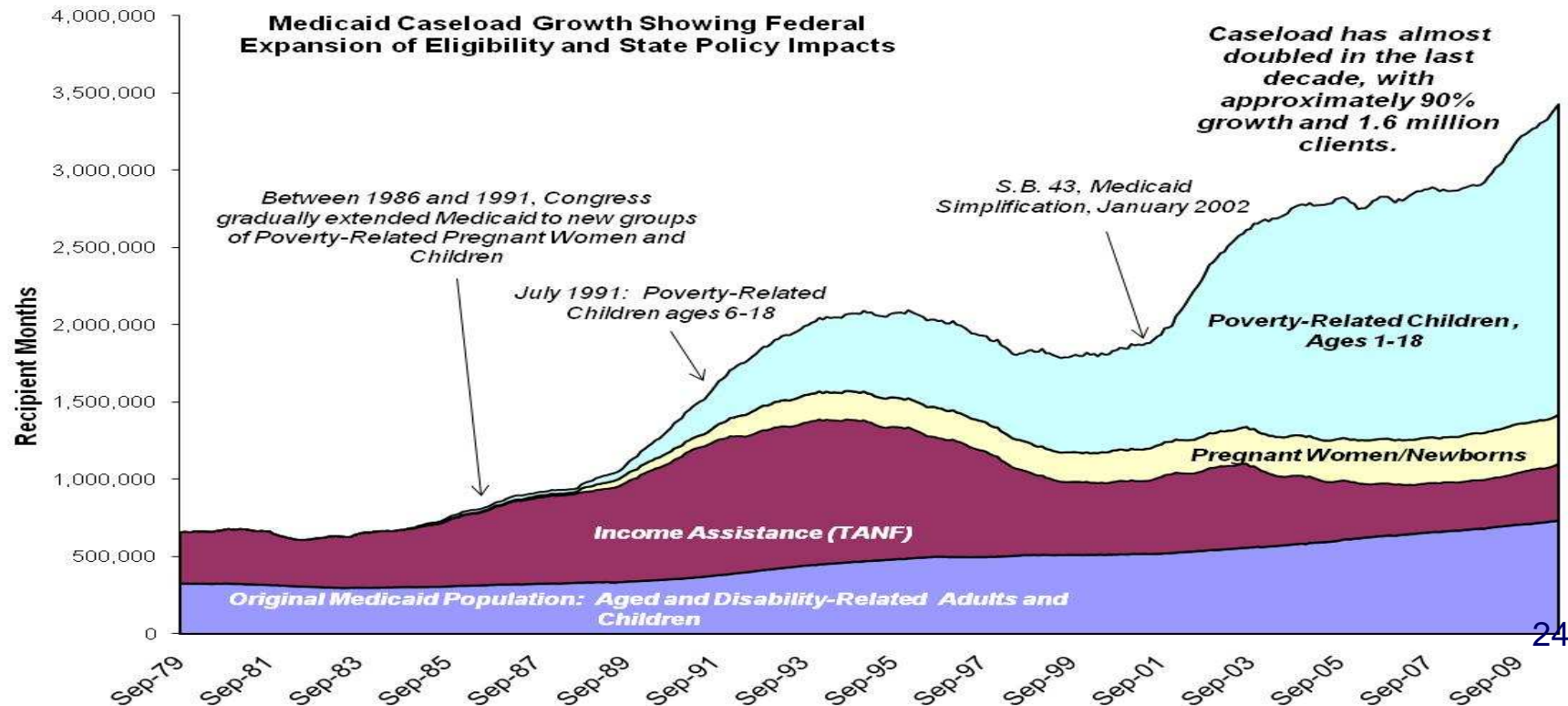
## ❖ Other Requirements

- Effective informing of eligible children/outreach
- Transportation or other assistance in securing services
- Federal reporting



# Texas Medicaid: Historical Caseload

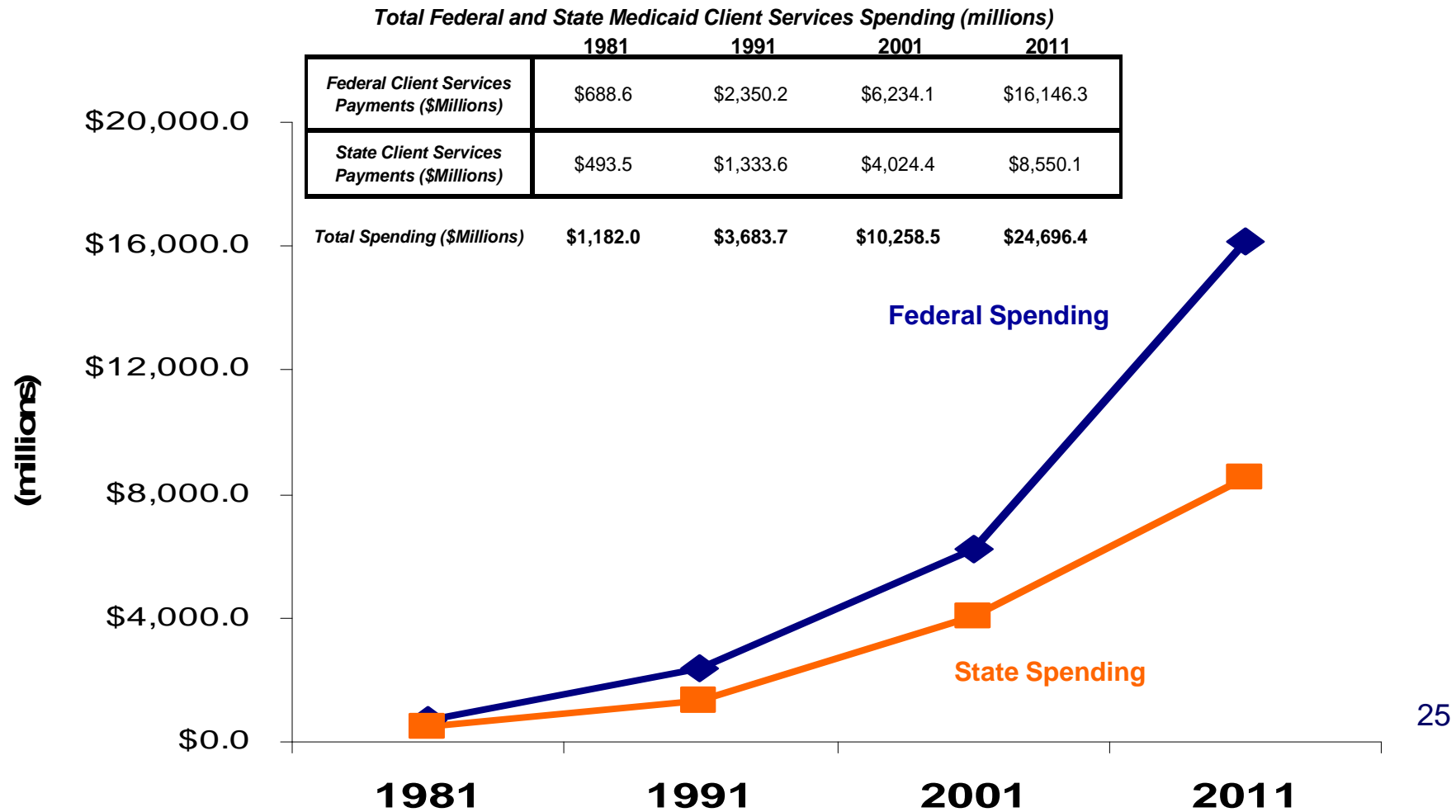
## History of Medicaid Eligibility: Caseload September 1977- August 2010







# Texas Medicaid: Historical Spending





# Texas Medicaid: Enrollment & Spending

- ❖ June 2011, 3.3 million people received Medicaid
  - Over 2.3 million are children
  - Over 700,000 are aged, blind or disabled

## Texas Medicaid Beneficiaries & Expenditures, State FY 2009

